



SmaKmmRkthiBaotkmea
Cambodia Microfinance Association

Seminar on Cambodia's Microfinance Amid Global Financial Crisis

Role of CMA and Achievement of MFIs

Mr. Hout leng Tong, Chairman of CMA
19-20 August 2009 at Phnom Penh Hotel



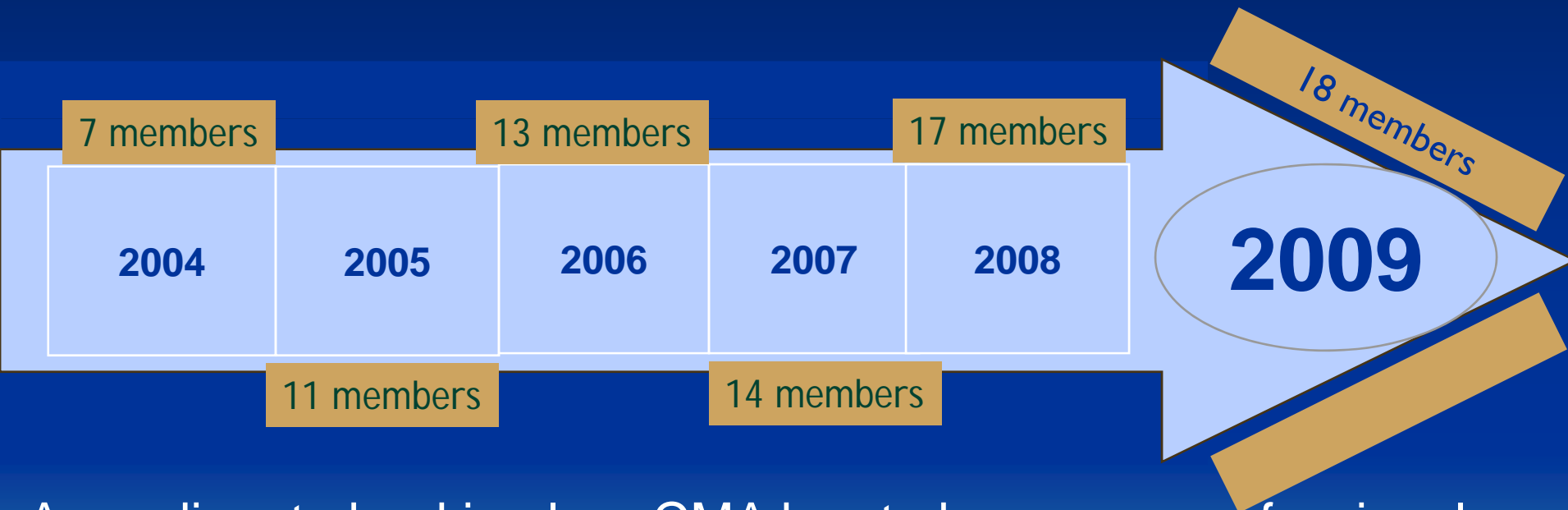
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Introduction of CMA

CMA is CAMBODIA MICROFINANCE ASSOCIATION. And formally register with Ministry of Interior on 18th October 2004 .



According to banking law, CMA has to become a professional association register with NBC on 19 Jan 2008, under Association of Bank in Cambodia (ABC) .



Role of CMA

- To Facilitate the operation of MF's operators and to strengthen communication with all stakeholder such as: authorities, national and international donors, creditors and investors.
- Capacity Building of MFI operators.
- Represented for the MFIs industry.
- To improve the Cambodia's microfinance awareness in the world.



Role of CMA (con't)

- One voice representative of MF when negotiate with regulators and stakeholders.
- CMA and its members have been playing a critical role in poverty reduction and have contributed effectively to the economic development of the country.
- Fill the gap between the poor and financial services by setting up branch networks in rural areas to provide access to convenient banking services.



Microfinance Overview

- Microfinance objective is to help poor people remove themselves out of poverty through providing access to financial services.
- MFIs in Cambodia started in 1992 as non-government organizations provided a mixture of services including microfinance.
- 1999, NBC issues Prokas requiring professional MFIs to obtain license.
- 2000, MFIs change to profit oriented companies but still maintain their mission of helping the poor.
- After 2000, MFIs keep improving their operations and management to a higher level.



Microfinance Overview (con't)

- In 2005 CGAP has given Financial Transparency award to three Cambodian MFIs and given merit certificate to four Cambodian MFIs. These winners were chosen among 175 competitors from 57 countries.
- Again in 2006 CGAP also had given this award to four Cambodian MFIs and given merit certificate to three Cambodian MFIs. These winners were chosen among 231 competitors from 63 countries.



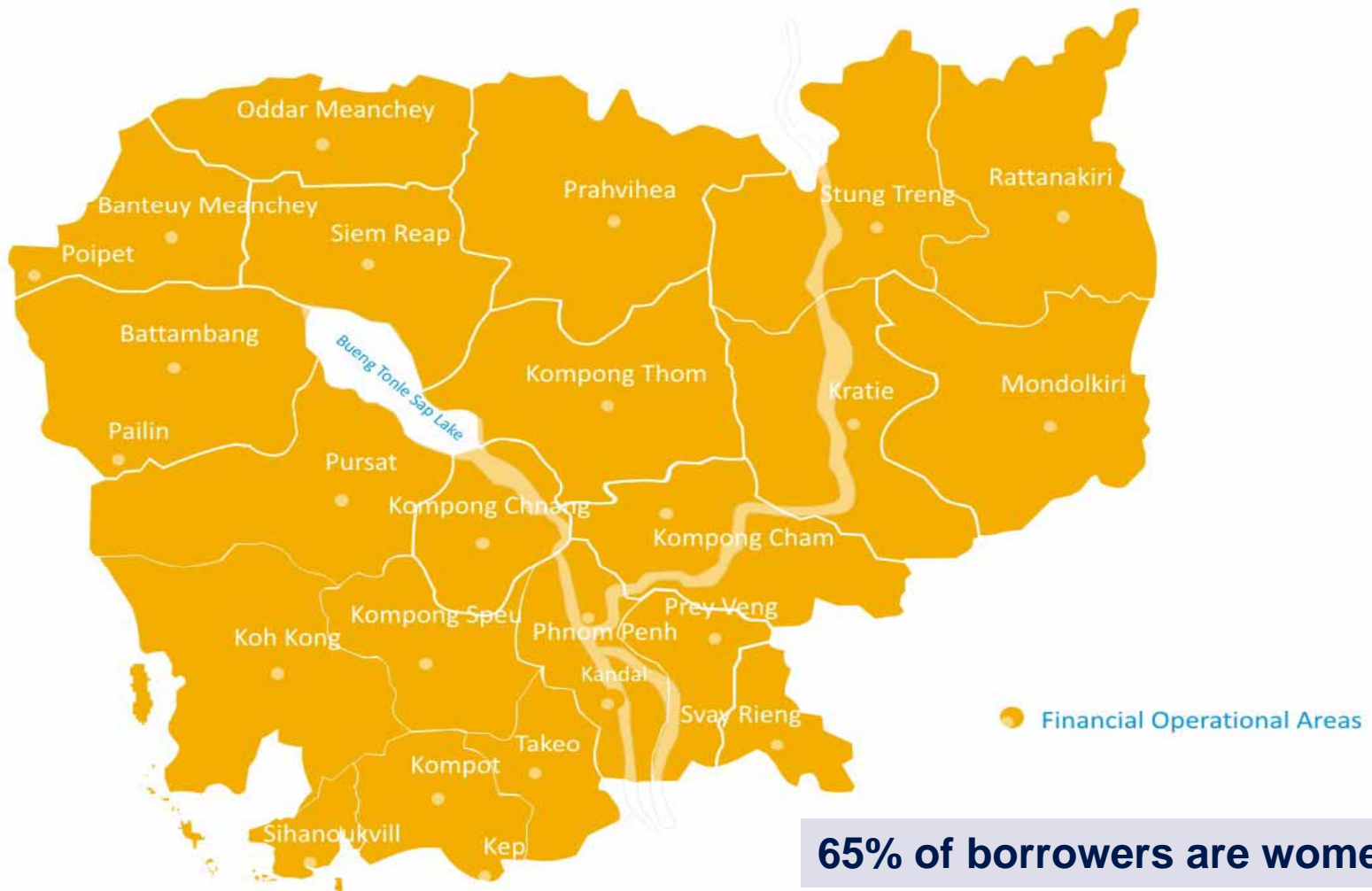
Microfinance Overview (con't)

- There was a critical recognition of the success of MFIs in Cambodia through a National MF forum conducted in January 2006 by NBC.
- The Prime Minister gave an opening speech at the forum appreciating the important role of MFIs and remarked on the success of MFI. He then announced that 2006 was the year for Microfinance for Cambodia and requested support from all.



Achievement of Cambodia Microfinance

Financial Operational Areas



65% of borrowers are women

Achievement of Cambodia Microfinance (con't)

The Trend of Cambodia Microfinance Institutions

Year	N° of MFI	Amount of Loan Portfolio in Million USD	N° of Borrower	Amount of Deposit Balance in Million USD	N° of Depositor
2003	8	20.77	234,945	1.00	81,079
2004	10	31.68	294,660	1.29	103,216
2005	14	50.13	351,096	2.05	134,764
2006	14	87.10	447,221	2.52	102,121
2007	16	154.44	602,525	5.12	106,618
2008	17	277.00	825,238	4.64	108,266
Jun-09	18	262.46	824,986	6.14	107,001

This figure is only for Microfinance institutions.



Achievement of Cambodia Microfinance (con't)

As of June 2009, MFIs provide the microfinance services to the hold country wide;

- 24 provinces
- 185 districts
- 1,621 commune
- 14,073 villages

Total active clients are 1,035,615 assuming that 1 client is one family it is about 35% of the total household. Statistic March 2008, Population 13.3m and average number each family was 4.7. It is equal to 4,867,390 people are served by MFIs.

Achievement of Cambodia Microfinance (con't)

Indicators	Loan Outstanding (Million US\$)			Borrowers		
	Jun-08	Dec-08	Jun-09	Jun-08	Dec-08	Jun-09
MFI	214.27	277.06	262.33	661,299	825,238	824,723
Bank	138.48	161.42	163.70	175,664	194,613	210,892
Total	352.75	438.48	426.03	836,963	1,019,851	1,035,615

This figure is for Microfinance institutions and one bank former microfinance.

Achievement of Cambodia Microfinance (con't)

Variation between June 08 - June 09 and
December 08 and June 2009.

Indicators	Loan Outstanding (Million US\$)		Borrowers		Deposits (Million US\$)		Depositors	
	Jun08-Jun09	Dec08-Jun09	Jun08-Jun09	Dec08-Jun09	Jun08-Jun09	Dec08-Jun09	Jun08-Jun09	Dec08-Jun09
	MFIs	22%	-5%	25%	0%	15%	32%	-3%
Bank	18%	1%	20%	8%	31%	25%	56%	23%
Total	21%	-3%	24%	2%	31%	25%	42%	18%



Challenges

- Global financial crisis and economic downturn
- Physical collateral (The official land titles are not available in all areas)
- Funding sources (Cheap and local currency)
- There is no credit bureau resulting in the over indebtedness
- Marketing mechanism (for local products)
- Staff capacity limitation,
- Unfair competition with none licensed MFs
- Cooperation from authorities, Trust on MFIs especially on savings deposit.



Next Plan of CMA

To ensure long term development and sustainability growth following strategies have been considered:

- Develop Credit Bureau
- Strengthen cooperation with stakeholders such as:
National and international agencies, regulator and local authority, client...etc.
- Promote professionalism of microfinance concept among MFIs operators.
- Promote public deposit
- Increase outreach of MFIs services
- Provide diversify training courses as MFI's requirement.
- Other products in order to respond to the needs of rural people.

*H.E, Ladies and gentlemen,
Thank you very much for
your attention*

